

**593rd Meeting of the Health Services Cost Review Commission
March 9, 2022**

(The Commission will begin in public session at 11:30 am for the purpose of, upon motion and approval, adjourning into closed session. The open session will resume at 1:00pm)

**EXECUTIVE SESSION
11:30 am**

1. Discussion on Planning for Model Progression – Authority General Provisions Article, §3-103 and §3-104
2. Update on Administration of Model - Authority General Provisions Article, §3-103 and §3-104
3. Update on Commission Response to COVID-19 Pandemic - Authority General Provisions Article, §3-103 and §3-104

**PUBLIC MEETING
1:00 pm**

1. Review of Minutes from the Public and Closed Meetings on February 9, 2022
2. Docket Status – Cases Closed
2580R – Brook Lane Hospital
2581A – John Hopkins Health System
3. Docket Status – Cases Open
2582R – John Hopkins Hospital
2583A – John Hopkins Health System
2584R – Brook Lane Hospital
2585A – John Hopkins Health System
2586A – John Hopkins Health System
4. Presentation by Tri-County Behavioral Health Engagement (TRIBE) on Regional Partnership Catalyst Program
5. RY 2023 Quality Programs: COVID Update
6. Policy Update and Discussion
 - a. Model Monitoring
 - b. Legislative Update
 - c. Workgroup Update
7. Hearing and Meeting Schedule

Cases Closed

The closed cases from last month are listed in the agenda

H.S.C.R.C's CURRENT LEGAL DOCKET STATUS (OPEN)

AS OF March 2, 2022

A: PENDING LEGAL ACTION : NONE
 B: AWAITING FURTHER COMMISSION ACTION: NONE
 C: CURRENT CASES:

Docket Number	Hospital Name	Date Docketed	Decision Required by:	Rate Order Must be Issued by:	Purpose	Analyst's Initials
2582R	Johns Hopkins Hospital	1/31/2022	3/2/2022	6/30/2022	CLINICS	WH
2583A	Johns Hopkins Health System	1/31/2022	N/A	N/A	ARM	DNP
2584N	Brook Lane Hospital	2/22/2022	3/24/2022	7/22/2022	TMS	WH
2585A	Johns Hopkins Health System	2/22/2022	N/A	N/A	ARM	DNP
2586A	Johns Hopkins Health System	2/28/2022	N/A	N/A	ARM	DNP

PROCEEDINGS REQUIRING COMMISSION ACTION - NOT ON OPEN DOCKET

None

File
Status

OPEN

OPEN

OPEN

OPEN

OPEN

IN RE: THE PARTIAL RATE	*	BEFORE THE HEALTH SERVICES
APPLICATION OF THE	*	COST REVIEW COMMISSION
JOHNS HOPKINS	*	DOCKET: 2022
HOSPITAL	*	FOLIO: 2392
BALTIMORE, MARYLAND	*	PROCEEDING: 2582R

Staff Recommendation
March 9, 2022

Introduction

On January 31, 2022, Johns Hopkins Hospital (“the Hospital”) submitted a partial rate application to the Commission requesting its Oncology Clinic (OCL) rate center be combined with the Clinic (CL) rate center effective April 1, 2022.

Staff Evaluation

This request is revenue neutral and will not result in any additional revenue for the Hospital. The consolidation of these clinics will bring the Hospital in line with all other Hospitals. Combining these rate centers will facilitate the upcoming Clinic relative value unit conversion. The Hospital’s currently approved rates and the new proposed rate are as follows:

	Budgeted Volumes	Approved Revenue	Approved Unit Rate
Oncology (OCL)	1,151,433	\$37,935,156	\$32.9460
Clinic (CL)	1,623,811	\$89,045,408	\$54.8373
Combined Rate	2,775,344	\$126,980,564	\$45.7547

Recommendation

After reviewing the Hospital’s application, the staff recommends as follows:

1. That the Hospital be allowed to collapse its OCL rate center into its CL rate center;
2. That a CL rate of \$45.7547 per RVU be approved effective April 1, 2022; and
3. That no change be made to the Hospital’s Global Budget Revenue for CL services.

**IN RE: THE APPLICATION FOR
ALTERNATIVE METHOD OF RATE
DETERMINATION
JOHNS HOPKINS HEALTH
SYSTEM
BALTIMORE, MARYLAND**

*** BEFORE THE MARYLAND HEALTH
* SERVICES COST REVIEW
* COMMISSION
* DOCKET: 2022
* FOLIO: 2393
* PROCEEDING: 2583A**

Staff Recommendation

March 9, 2022

I. INTRODUCTION

Johns Hopkins Health System (“System”) filed an application with the HSCRC on January 31, 2022 on behalf of its member hospitals, Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital (the “Hospitals”) and on behalf of Johns Hopkins HealthCare, LLC (JHHC) to add additional Cardiac Surgery and Musculoskeletal surgical procedures to the global rate arrangement with Accarent approved at the Health Services Cost Review Commission’s (“HSCRC or the Commission” October 13, 2021 public meeting. The effective date of the approval for the additional procedures is March 1, 2022.

II. OVERVIEW OF APPLICATION

The contract will be held and administered by Johns Hopkins HealthCare, LLC (“JHHC”), which is a subsidiary of the System. JHHC will manage all financial transactions related to the global price contract including payments to the System hospitals and bear all risk relating to regulated services associated with the contract.

III. FEE DEVELOPMENT

The hospital portion of the global rates was developed by calculating mean historical charges for patients receiving the procedures for which global rates are to be paid. The remainder of the global rate is comprised of physician service costs.

IV. IDENTIFICATION AND ASSESSMENT OF RISK

The Hospitals will submit bills to JHHC for all contracted and covered services. JHHC is responsible for billing the payer, collecting payments, disbursing payments to the Hospitals at their full HSCRC approved rates, and reimbursing the physicians. The System contends that the arrangement among JHHC, the Hospitals, and the physicians holds the Hospitals harmless from any shortfalls in payment from the global price contract. JHHC maintains it has been active in

similar types of fixed fee contracts for several years, and that JHHC is adequately capitalized to bear risk of potential losses.

V. STAFF EVALUATION

Staff found the experience under this arrangement has been favorable and believes that the Hospitals can continue to achieve a favorable experience under this revised arrangement.

VI. STAFF RECOMMENDATION

The staff recommends that the Commission approve the Hospital's' application for an alternative method of rate determination to add additional Cardiac Surgery and Musculoskeletal surgical procedures to the currently approved arrangement with an effective date for the additional services March 1, 2022. The Hospitals will need to file a renewal application for review to be considered for continued participation.

Consistent with its policy paper regarding applications for alternative methods of rate determination, the staff recommends that this approval be contingent upon the execution of the standard Memorandum of Understanding ("MOU") with the Hospitals for the approved contract. This document would formalize the understanding between the Commission and the Hospitals and would include provisions for such things as payments of HSCRC-approved rates, treatment of losses that may be attributed to the contract, quarterly and annual reporting, confidentiality of data submitted, penalties for noncompliance, project termination and/or alteration, on-going monitoring, and other issues specific to the proposed contract. The MOU will also stipulate that operating losses under the contract cannot be used to justify future requests for rate increases.

IN RE: THE PARTIAL RATE	*	BEFORE THE HEALTH SERVICES
APPLICATION OF	*	COST REVIEW COMMISSION
BROOK LANE	*	DOCKET: 2022
HEALTH SERVICES	*	FOLIO: 2394
HAGERSTOWN, MARYLAND	*	PROCEEDING: 2584R

Staff Recommendation
March 9, 2022

Introduction

On February 22, 2022, Brook Lane Health Services (“the Hospital”) submitted a partial rate application to establish a new Transcranial Magnetic Stimulation (TMS) service. The Hospital is a nonprofit provider of mental health services. TMS is a noninvasive treatment that uses magnetic resonance pulsed fields to induce an electric current in the brain for the treatment of major depressive disorder in patients. The Hospital requests a rate for TMS to be approved effective April 1, 2022.

Staff Evaluation

HSCRC policy is to set the rates for new services at the lower of the statewide median or at a rate based on a hospital’s projections. The Hospital provided projected costs associated with the TMS expansion and requested a rate of \$343.49 per treatment, while the statewide median rate for TMS is \$341.3937 per treatment.

<u>Service</u>	<u>Service Unit</u>	<u>Unit Rate</u>	<u>Projected Volumes</u>	<u>Approved Revenue</u>
Transcranial Magnetic Stimulation (TMS)	Treatments	\$341.3937	720	\$245,803.46

Recommendation

After reviewing the Hospital’s application, the staff recommends:

1. That the TMS rate of \$341.3937 per treatment be approved effective April 1, 2022;
2. That the TMS rate center not be rate realigned until a full year of cost data has been reported to the Commission; and
3. That the TMS service be subject to the application of the Approved Revenue and Unit Rate Policies.

**IN RE: THE APPLICATION FOR
ALTERNATIVE METHOD OF RATE
DETERMINATION
JOHNS HOPKINS HEALTH
SYSTEM
BALTIMORE, MARYLAND**

*** BEFORE THE MARYLAND HEALTH
* SERVICES COST REVIEW
* COMMISSION
* DOCKET: 2022
* FOLIO: 2395
* PROCEEDING: 2585A**

**Staff Recommendation
March 9, 2022**

I. INTRODUCTION

Johns Hopkins Health System (“System”) filed an application with the HSCRC on January 22, 2022 on behalf of Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center (“the Hospitals”) for approval to continue to participate in a global rate arrangement for solid organ and bone marrow transplant services with Blue Cross Blue Shield Blue Distinction Centers. The System requests that the approval be for one year beginning April 1, 2022.

II. STAFF EVALUATION

Staff found that the experience under this arrangement has been favorable over the last year.

VI. STAFF RECOMMENDATION

The staff recommends that the Commission approve the Hospitals’ application for solid organ and bone marrow transplant services for one year beginning April 1, 2022. The Hospitals will need to file a renewal application for review to be considered for continued participation. Consistent with its policy paper regarding applications for alternative methods of rate determination, the staff recommends that this approval be contingent upon the execution of the standard Memorandum of Understanding (“MOU”) with the Hospitals for the approved contract. This document would formalize the understanding between the Commission and the Hospitals, and would include provisions for such things as payments of HSCRC-approved rates, treatment of losses that may be attributed to the contract, quarterly and annual reporting, confidentiality of data submitted, penalties for noncompliance, project termination and/or alteration, on-going monitoring, and other issues specific to the proposed contract. The MOU will also stipulate that operating losses under the contract cannot be used to justify future requests for rate increases.

**IN RE: THE APPLICATION FOR
ALTERNATIVE METHOD OF RATE
DETERMINATION
JOHNS HOPKINS HEALTH
SYSTEM
BALTIMORE, MARYLAND**

*** BEFORE THE MARYLAND HEALTH
* SERVICES COST REVIEW
* COMMISSION
* DOCKET: 2022
* FOLIO: 2396
* PROCEEDING: 2586A**

Staff Recommendation

March 9, 2022

I. INTRODUCTION

On February 28, 2022, Johns Hopkins Health System (“System”) filed an application on behalf of its member hospitals, Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital (the “Hospitals”) requesting approval to continue to participate in a global price arrangement with One Team Health, an international TPA, for cardiovascular services and for the new service of Spine Surgery. The Hospitals request that the Commission approve the arrangement for one year beginning April 1, 2022.

II. OVERVIEW OF APPLICATION

The contract will continue to be held and administered by Johns Hopkins HealthCare, LLC (“JHHC”), which is a subsidiary of the System. JHHC will continue to manage all financial transactions related to the global price contract including payments to the System hospitals and to bear all risk relating to regulated services associated with the contract.

III. FEE DEVELOPMENT

The hospital portion of the global rates, which was developed by calculating mean historical charges for patients receiving the procedures for which global rates are to be paid, has been adjusted to reflect recent hospital rate increases. The remainder of the global rate is comprised of physician service costs. Additional per diem payments, calculated for cases that exceeded a specific length of stay outlier threshold, were similarly adjusted.

IV. IDENTIFICATION AND ASSESSMENT RISK

The Hospitals will continue to submit bills to JHHC for all contracted and covered services. JHHC is responsible for billing the payers, collecting payments, disbursing payments to the Hospitals at their full HSCRC approved rates, and reimbursing the physicians. The System contends that the arrangement among JHHC, the Hospitals, and the physicians holds the Hospitals harmless from any shortfalls in payment from the global price contract. JHHC

maintains that it has been active in similar types of fixed fee contracts for several years, and that JHHC is adequately capitalized to bear the risk of potential losses.

V. STAFF EVALUATION

Staff found that the experience for the prior year under this arrangement was favorable. Staff believes that the Hospitals can continue to achieve a favorable performance under the arrangement.

VI. STAFF RECOMMENDATION

The staff recommends that the Commission approve the Hospitals' application for an alternative method of rate determination for cardiovascular services for the period beginning April 1, 2022. The Hospitals must file a renewal application annually for continued participation.

Consistent with its policy paper regarding applications for alternative methods of rate determination, the staff recommends that this approval be contingent upon the execution of the standard Memorandum of Understanding ("MOU") with the Hospitals for the approved contract. This document would formalize the understanding between the Commission and the Hospitals, and would include provisions for such things as payments of HSCRC-approved rates, treatment of losses that may be attributed to the contract, quarterly and annual reporting, confidentiality of data submitted, penalties for noncompliance, project termination and/or alteration, on-going monitoring, and other issues specific to the proposed contract. The MOU will also stipulate that operating losses under the contract cannot be used to justify future requests for rate increases.



TO: HSCRC Commissioners
FROM: HSCRC Staff
DATE: March 9, 2022
RE: Hearing and Meeting Schedule

April 13, 2022 To be determined - GoTo Webinar

May 11, 2022 To be determined - GoTo Webinar

The Agenda for the Executive and Public Sessions will be available for your review on the Wednesday before the Commission meeting on the Commission's website at <http://hscrc.maryland.gov/Pages/commission-meetings.aspx>.

Post-meeting documents will be available on the Commission's website following the Commission meeting.

Adam Kane, Esq
Chairman

Joseph Antos, PhD
Vice-Chairman

Victoria W. Bayless

Stacia Cohen, RN, MBA

James N. Elliott, MD

Maulik Joshi, DrPH

Sam Malhotra

Katie Wunderlich
Executive Director

William Henderson
Director
Medical Economics & Data Analytics

Allan Pack
Director
Population-Based Methodologies

Gerard J. Schmith
Director
Revenue & Regulation Compliance